

003 - AUDITOR-CONTROLLER

Operational Summary

Mission:

To promote public oversight, provide accountability, and support financial decision-making for the County.

Strategic Goals:

- To assist in controlling the financial risk faced by the County.
- To promote accountability by developing and enforcing systems of accounting controls.
- To anticipate and satisfy our stakeholders' and clients' needs for financial services and reliable information.
- To increase Countywide organizational effectiveness by making the appropriate investments in our staff and technology.

Key Outcome Indicators:

Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
RECEIVE UNQUALIFIED OPINION AND GFOA CERTIFICATE FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE CAFR. What: Measures the integrity and accuracy of the County's annual financial statements. Why: Provides assurance that the CAFR fairly presents the financial position of the County.	The County received an unqualified opinion for fiscal year 2002-2003. The County received the Certificate for Excellence in financial reporting for fiscal year 2002-2003.	The department expects to achieve the same high level of success for fiscal year 2002-2003, by implementing recent post-GASB 34 pronouncements of the Governmental Accounting Standards Board.	The department lead a countywide team in a successful implementation of significant new pronouncements from GASB in order to stay in compliance with financial reporting requirements and with generally accepted accounting principles.
99% OF ALL PROPERTY TAXES WILL BE ALLOCATED TO TAXING AGENCIES ON TIME. What: Measures ability to meet deadlines for computing property tax bills and allocating tax revenues. Why: Provides timely revenue to County taxing agencies that receive funding from tax revenues.	The department met all property tax deadlines, apportioning over \$3.7 billion in property taxes, penalties, special taxes/assessments, and interest to over 170 local government funds in 64 separate apportionments.	The department fully expects to meet all property tax deadlines.	Property tax apportionment deadlines continue to be met in spite of frequent tax statute changes and the complexity of the tax allocation process.

At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	14,381,096
Total Final FY 2004-2005 Budget:	14,995,579
Percent of County General Fund:	0.60%
Total Employees:	405.00

Key Outcome Indicators: (Continued)

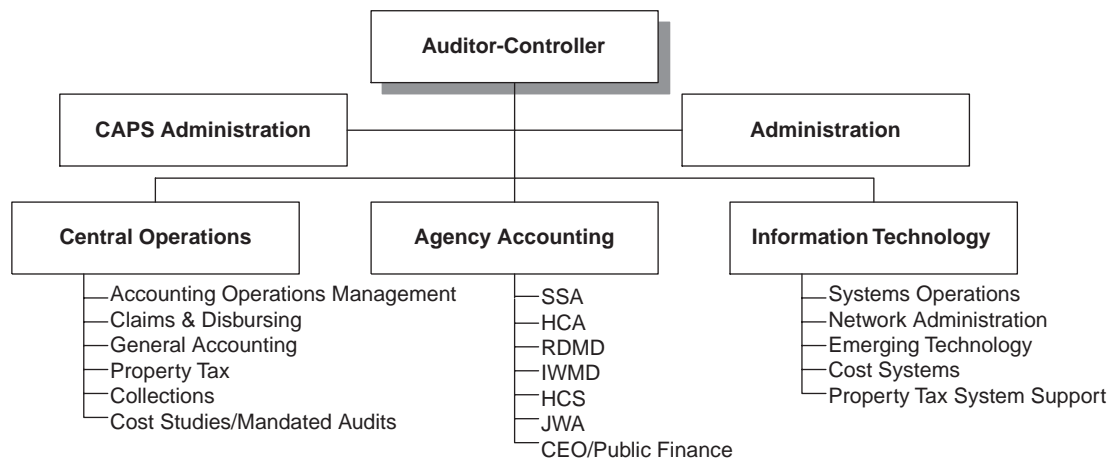
Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
99% OF STATE AND FEDERAL FUNDS WILL BE CLAIMED IN TIME TO SATISFY CASH FLOW REQUIREMENTS. What: Measures compliance with deadlines that assure timely receipt of funds and avoidance of penalties. Why: The amount of revenue associated with these claims is over \$1 billion.	The department achieved over 99% compliance for fiscal year 2002-2003. The department expects to have 99% compliance for fiscal 2003-2004.	The department will remain committed to timely submission of the over 1,350 required claims and reports, in order to maximize revenue, avoid penalties, and maintain funding for the many County programs which rely on State and Federal participation.	State and Federal funds continue to be claimed in a timely manner.
ACHIEVE CAPS USER SATISFACTION WITH FINANCIAL AND PAYROLL SYSTEMS TO 90% OR HIGHER. What: Measure client satisfaction with support provided by AC Information Technology Staff. Why: Ensure AC IT provides appropriate level of support for financial and payroll applications.	Survey was distributed to CAPS users throughout the County, measuring satisfaction in key functional areas (Payroll, Job Cost, Claims Processing, etc.). Satisfaction was at 99% for staff support and 96% for Quality of Information Provided.	Continue conducting an annual survey to stay on track and address clients' needs.	This was the first time that a detailed survey of Auditor-Controller Information Technology support was conducted. The results were outstanding. The feedback provided through comments will allow us to focus on areas requiring further improvement.
REDUCE HARD COPY/FICHE PRINTING/DISTRIBUTION COST BY 20%. What: Measures reduction of report preparation and access costs due to new imaging technology. Why: Ready access to report information coupled with ability to extract report information for other uses	Countywide rollout of WebERMI has been completed. User training substantially completed. Expand usage of data mining.	Continue to eliminate hardcopy print and distribution. Add other documents to imaging as necessary.	We are working with individual agencies to get their concurrence and provide assistance in turning off their hardcopy reports. We are scheduled to turn off all hardcopy reports by September 2004.

FY 2003-2004 Key Project Accomplishments:

- Worked with AMS in conducting a "Fit Analysis" to determine scope of effort required to implement the next major upgrade of CAPS to the AMS ADVANTAGE 3.0 Products. As a result of the analysis, the County can better evaluate options to meet its accounting needs.
- Assessed the risk and the adequacy of controls of the County's major transaction processing systems maintained by the Auditor-Controller including, completion of Information Technology Audit of Laser Check Print application, completion of risk assessment of payroll system, and completion of Readiness Assessment for CAPS upgrade/replacement.
- Implemented the latest sub-releases of AMS Financial and Human resources software product.
- Completed the County's CAFR and component unit financial statements by scheduled deadlines with unqualified audit opinions for all statements for fiscal year 2002-2003. Received the GFOA Certificate of Achievement for excellence in Financial reporting for the CAFR for fiscal year 2002-2003.
- Met daily, weekly, monthly or other deadlines for basic services such as payroll, property tax distributions, vendor payments, revenue collection and reporting, appropriation/budget control, reports to the Board, and submission of State and Federal Reports.
- Improved property tax information posted on Auditor-Controller department web site by adding ERAF contributions by taxing agency. Implement web page that incorporates tax information and links for all property tax departments.
- Determined that all Auditor-Controller mandates were met.

- Continued development of employee recognition program that allows managers, supervisors and employees to acknowledge outstanding achievement. Continued publication of quarterly newsletter to increase communication throughout the office.
- Completed biennial client surveys of services performed by the Auditor-Controller central operations accounting teams and a client satisfaction survey of vendors which received high satisfaction ratings. Continue to implement appropriate changes requested as a result of prior client surveys.
- Worked with SSA to implement Electronic Benefit Transfer (EBT) to process most welfare cash payments and all food stamp program benefits.
- Worked with HCA on implementation of Health Insurance Portability and Accountability Act (HIPAA) requirements, including the Notification of Privacy Practices and the Transaction Code Set phases.
- Assisted in the development and implementation of RDMD Transportation Fleet Management System.
- Established implementation of accounting module for RDMD's new automated planning and permitting system.

Organizational Summary



CENTRAL OPERATIONS - This division provides the core accounting activities required of the Auditor-Controller which benefit the County as a whole, including: apportionment of property taxes for all County tax-receiving agencies; providing payroll and claims processing for the benefit of all County departments; accounts receivable and collections functions for many County departments; Cost Studies and Mandated Audits Section, which prepares the County's annual Countywide Cost Allocation Plan (CWCAP) that is utilized for cost reimbursement claiming purposes by most County departments; and preparation of the County's annual

financial statements. With the exception of Collections/Accounts Receivable, which is cost-applied to client departments, the core services provided by the Accounting Operations and Reporting division are financed by general-purpose revenues of the General Fund.

AGENCY ACCOUNTING - This division supports seven other agencies/departments by providing outstationed specialized accounting/financial services. The outstationed agency/department accounting support sections are entirely funded by host agencies that have outside revenue sources.

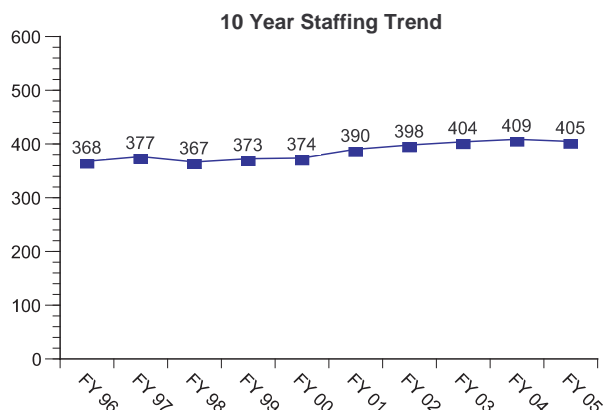
CAPS ADMINISTRATION - CAPS Administration provides administrative support for the County Accounting and Personnel System (CAPS). This function is assigned to the Auditor-Controller but represents the interests of all owner organizations: CEO/CFO, CEO/Human Resources, and the Auditor-Controller.

EXECUTIVE MANAGEMENT - This section includes the executive management team that provides leadership and direction for the department. It consists of the Auditor-Controller, Chief Assistant Auditor-Controller, their secretaries, and the Communications/Staff Development Coordinator.

INFORMATION TECHNOLOGY - The Information Technology division is responsible for the implementation, maintenance and upgrade of the County's central accounting and financial systems, as well as the development of other accounting-related systems.

ADMINISTRATION - This division includes human resources, purchasing, budget management, and administrative support and staff services. This division provides central administrative and staff support to the rest of the department.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- FY 94/95 - Added 4 systems positions to work on CAPS. Added 14 positions in outstationed agency units, most in SSA Accounting with no Net County Cost (NCC) effect.
- FY 95/96 - Eliminated 15 positions due to transfer of internal audit responsibilities to a new County agency. Eliminated 31 other County General funded positions from Central Operations and 49 positions from outstationed Agency units.
- FY 96/97 - Added 4 positions to work on CAPS upgrade (partial restoration of 9 positions eliminated from Systems in 95/96). Added 5 positions to outstationed Agency Accounting with no NCC effect.
- FY 97/98 - Restructure resulted in a net decrease of 10 positions.
- FY 98/99 - Added 6 positions to Agency Accounting with no NCC effect.
- FY 99/00 - Added 1 position in the central office as additional clerical support for purchasing and HR function.
- FY 00/01 - Added 26 positions that were transferred in as part of HCA restructuring with no NCC effect. Added 1 Limited Term position for GASB 34 implementation. Eliminated 10 positions that were transferred to CEO/HR with no NCC effect. Eliminated 1 position from central office.
- Mid year adjustments - In November 2000, added 2 Limited Term positions for GASB 34 implementation, 1 HR manager, 1 Systems Analyst for ATS, 1 limited term for DA/Family Support study, deleted 2 positions in SSA Accounting Services. In February 2001, added 3 positions due to Systems reorganization. In May 2001, deleted the limited term DA/FS position, added 1 position in PF&RD Accounting for Dana Point leases.
- FY 01/02 - Added 1 position in General Ledger, 1 limited term position in Information Technology for the CAPS upgrade.
- FY 01/02 Mid year adjustments - 1 position in CSA Accounting for the Area Agency on Aging, 2 positions in PF&RD Accounting for Dana Point leases, 1 position to HCA Accounting for Medi-Cal Administrative Activity/Targeted Case Management, and 1 position to SSA Accounting for a collection officer. Base budget of 403 positions.
- FY 02/03 - Added 1 Sr. Systems Programmer/Analyst in the Information Technology division.
- FY 02/03 Mid Year Adjustment - 1 limited term Sr. Accountant/Auditor II added to Information Technology to support CAPS fit analysis and CAPS Upgrade. Base budget of 405 positions.

- FY 03/04 - Added 1 Sr. Accountant/Auditor I and 1 Accounting Assistant II to Planning and Development Services Department Accounting and added 2 Accounting Assistant II positions to HCA Accounting (converting 2 extra help positions to regular status). Base budget of 409 positions.
- FY 03/04 Mid Year Adjustment - Added 3 Senior Accounting Assistants, transferred from RDMD to RDMD Accounting, delete 6 vacant Accounting Assistant II positions from SSA Accounting, delete 3 vacant Accounting Assistant II, 2 vacant Office Assistants and 1 vacant Office Technician from HCA Accounting/CCS. Authorized budgeted positions are 400.
- FY 04/05 - Add 3 Accounting Assistant II positions and 1 Accounting Office Supervisor, transferred from SSA to SSA Accounting. Add 1 Senior Accountant/Auditor II in the Information Technology division, effective January 1, 2005. Base budget is 405 positions.

Changes Included in the Base Budget:

The budget request reflects the Auditor-Controller's continued desire to increase the usefulness and accessibility of financial systems. As County departments change and re-engineer their business processes to increase efficiencies and implement new technologies, the Auditor-Controller is consistently working to control risk at the appropriate level. As County departments are now struggling to reduce their budgets and streamline operations, the Auditor-Controller will work to ensure that all risk controlled measures are comprehensively enforced, and that the gate-keeping function of the office remains secure.

Although the Auditor-Controller department is limited to a zero growth budget, the base budget request includes significant increases in retirement and insurance cost. Employer retirement contributions are expected to increase 32% from fiscal year 2003-2004. Health insurance is anticipated to increase 14%, while Workers' Compensation insurance will increase 18%. The increased costs are offset by a 45% decrease in extra help employee costs, 15% decrease in overtime and the elimination of PIP in the FY 2004-2005 budget.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Although the Auditor-Controller does not have responsibility for a specific priority item, the department budget reflects support of the overall priorities including initiation, implementation and continued support of several technology projects designed to enhance overall efficiency and enable data gathering and processing to be more efficient throughout the County.

Four new positions are included in the Auditor-Controller base budget request, transferring from SSA to the SSA Accounting unit. The transfer will better align job duties and supervisorial reporting relationships. The additional positions do not result in increased net county cost for the Auditor-Controller department.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
Add 1 Sr. Accountant/Auditor II for CAPS Upgrade (FY 04-05) Amount:\$ 0	1 Sr. Acct/Auditor II pos. (limited-term for 4 yrs) to help support the CAPS replacement project.	Complete major project milestones on time & participate in Business Processing Re-engineering tasks.	003-393

Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	409	400	405	5	1.25
Total Revenues	5,597,228	5,958,535	6,293,342	6,544,218	250,876	3.99
Total Requirements	13,033,524	14,462,396	14,266,750	14,995,579	728,829	5.11
Net County Cost	7,436,296	8,503,861	7,973,408	8,451,361	477,953	5.99

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Auditor-Controller in the Appendix on page 436.

Highlights of Key Trends:

- The Auditor-Controller workload increases proportionately with the addition and expansion of County programs and with the general growth in the County budget and number of positions. Workload also increases as a result of requests from client departments for new and enhanced services and for interfaces with our automated systems.
- Implementation of the new financial reporting model (GASB 34) has placed pressure on resources. Although some of the additional workload is a result of transition issues, a sustained increase in workload has resulted from additional reporting model requirements.
- Significant information technology development work will continue for the basic financial systems that manage the County. The Assessment Tax System is in the process of being totally rewritten. The County Accounting and Personnel Systems are also being redeveloped. Additional resources to support these projects will be required.

Budget Units Under Agency Control

No.	Agency Name	Central Operations	Agency Accounting	CAPS Administration	Executive Management	Information Technology	Administration	Total
003	Auditor-Controller	6,366,946	3,569,045	0	690,044	3,285,811	1,083,733	14,995,579
14A	Option B Pool Participants Registered Warrants	917,513	0	0	0	0	0	917,513
14C	Class B-27 Registered Warrants	102,175	0	0	0	0	0	102,175
15Q	Pension Obligation Bond Amortization	11,185,057	0	0	0	0	0	11,185,057
15W	1996 Recovery Certificates Of Participation (A)	3,148,596	0	0	0	0	0	3,148,596
15Z	Plan Of Adjustment Available Cash	6,361,020	0	0	0	0	0	6,361,020
	Total	28,081,307	3,569,045	0	690,044	3,285,811	1,083,733	36,709,940

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Summary of Final Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Revenue From Use Of Money And Property	\$ 9,105	\$ 10,000	\$ 13,711	\$ 6,322	\$ (7,389)	-53.89%
Intergovernmental Revenues	3,789	200	1,929	0	(1,929)	-100.00
Charges For Services	5,543,883	5,920,335	6,233,081	6,527,896	294,815	4.73
Miscellaneous Revenues	40,451	28,000	43,712	10,000	(33,712)	-77.12
Other Financing Sources	0	0	910	0	(910)	-100.00
Total Revenues	5,597,228	5,958,535	6,293,342	6,544,218	250,876	3.99
Salaries & Benefits	22,656,768	25,132,889	24,772,343	25,947,520	1,175,177	4.74
Services & Supplies	2,623,511	3,123,168	2,709,067	3,170,910	461,843	17.05
Services & Supplies Reimbursements	(1,550)	0	0	0	0	0.00
Other Charges	0	0	(32,087)	0	32,087	-100.00
Fixed Assets	24,315	10,000	0	50,000	50,000	0.00
Intrafund Transfers	(12,269,519)	(13,803,661)	(13,182,573)	(14,172,851)	(990,278)	7.51
Total Requirements	13,033,524	14,462,396	14,266,750	14,995,579	728,829	5.11
Net County Cost	\$ 7,436,296	\$ 8,503,861	\$ 7,973,408	\$ 8,451,361	\$ 477,953	5.99%

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Final Budget Summary of Central Operations:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Revenue From Use Of Money And Property	\$ 9,105	\$ 10,000	\$ 13,711	\$ 6,322	\$ (7,389)	-53.89%
Intergovernmental Revenues	1,768	200	602	0	(602)	-100.00
Charges For Services	1,991,658	2,104,770	2,339,386	2,477,839	138,453	5.92
Miscellaneous Revenues	34,806	28,000	40,877	10,000	(30,877)	-75.54
Total Revenues	2,037,336	2,142,970	2,394,576	2,494,161	99,585	4.16
Salaries & Benefits	5,569,427	6,213,414	6,192,054	6,347,937	155,883	2.52
Services & Supplies	882,561	1,266,652	1,063,610	1,137,722	74,112	6.97
Services & Supplies Reimbursements	(1,550)	0	0	0	0	0.00
Other Charges	0	0	(32,087)	0	32,087	-100.00

Final Budget Summary of Central Operations:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Fixed Assets	9,394	0	0	50,000	50,000	0.00
Intrafund Transfers	(1,124,655)	(1,033,123)	(1,124,021)	(1,168,713)	(44,692)	3.98
Total Requirements	5,335,176	6,446,943	6,099,556	6,366,946	267,390	4.38
Net County Cost	\$ 3,297,840	\$ 4,303,973	\$ 3,704,980	\$ 3,872,785	\$ 167,805	4.53%

Final Budget Summary of Agency Accounting:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Intergovernmental Revenues	\$ 1,651	\$ 0	\$ 558	\$ 0	\$ (558)	-100.00%
Charges For Services	2,969,245	3,354,865	3,486,959	3,585,207	98,248	2.82
Miscellaneous Revenues	1,628	0	254	0	(254)	-100.00
Total Revenues	2,972,524	3,354,865	3,487,771	3,585,207	97,436	2.79
Salaries & Benefits	13,661,366	15,077,004	14,820,950	15,480,716	659,766	4.45
Services & Supplies	207,152	455,357	203,998	342,908	138,910	68.09
Intrafund Transfers	(10,794,776)	(12,177,496)	(11,528,458)	(12,254,579)	(726,121)	6.30
Total Requirements	3,073,742	3,354,865	3,496,490	3,569,045	72,555	2.08
Net County Cost	\$ 101,217	\$ 0	\$ 8,720	\$ (16,162)	\$ (24,882)	-285.35%

Final Budget Summary of CAPS Administration:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Salaries & Benefits	\$ 299,210	\$ 330,397	\$ 320,930	\$ 353,282	\$ 32,352	10.08%
Services & Supplies	20,444	27,903	14,897	24,718	9,821	65.92
Intrafund Transfers	(319,654)	(358,300)	(335,828)	(378,000)	(42,172)	12.56
Total Requirements	0	0	0	0	0	0.00
Net County Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00%

Final Budget Summary of Executive Management:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Salaries & Benefits	\$ 531,233	\$ 580,882	\$ 557,360	\$ 668,401	\$ 111,041	19.92%
Services & Supplies	24,960	23,601	26,205	21,643	(4,562)	-17.41
Total Requirements	556,193	604,483	583,565	690,044	106,479	18.25
Net County Cost	\$ 556,193	\$ 604,483	\$ 583,565	\$ 690,044	\$ 106,479	18.25%

Final Budget Summary of Information Technology:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Charges For Services	\$ 45	\$ 0	\$ 45	\$ 0	\$ (45)	-100.00%
Miscellaneous Revenues	0	0	45	0	(45)	-100.00
Total Revenues	45	0	90	0	(90)	-100.00
Salaries & Benefits	1,855,240	2,155,252	2,185,500	2,351,644	166,144	7.60
Services & Supplies	815,306	874,653	834,729	1,063,921	229,192	27.46
Fixed Assets	14,921	10,000	0	0	0	0.00
Intrafund Transfers	0	(66,532)	(66,532)	(129,754)	(63,222)	95.02
Total Requirements	2,685,467	2,973,373	2,953,696	3,285,811	332,115	11.24
Net County Cost	\$ 2,685,422	\$ 2,973,373	\$ 2,953,606	\$ 3,285,811	\$ 332,205	11.25%

Final Budget Summary of Administration:

Revenues/Appropriations	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Intergovernmental Revenues	\$ 370	\$ 0	\$ 770	\$ 0	\$ (770)	-100.00%
Charges For Services	582,935	460,700	406,691	464,850	58,159	14.30
Miscellaneous Revenues	4,017	0	2,536	0	(2,536)	-100.00
Other Financing Sources	0	0	910	0	(910)	-100.00
Total Revenues	587,322	460,700	410,906	464,850	53,944	13.13
Salaries & Benefits	740,293	775,940	695,550	745,540	49,990	7.19
Services & Supplies	673,089	475,002	565,628	579,998	14,370	2.54
Intrafund Transfers	(30,435)	(168,210)	(127,735)	(241,805)	(114,070)	89.30
Total Requirements	1,382,947	1,082,732	1,133,443	1,083,733	(49,710)	-4.39
Net County Cost	\$ 795,625	\$ 622,032	\$ 722,537	\$ 618,883	\$ (103,654)	-14.35%